



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

DEPT. OF TRANSPORTATION
DOCKETS

99 DEC 15 PM 4:11

GENERAL COUNSEL

400 Seventh St., S.W.
Washington, D.C. 20590

69041

OST-99-6410-17

December 9, 1999

Marc Zelenski
Chief Operating Officer
Mon Valley Travel
100 Smithfield St.
Pittsburgh, PA 15222

Dear Mr. Zelenski:

Your letter to Secretary Slater of November 8, 1999, has been referred to the General Counsel's Office. In your letter, you express support for the American Society of Travel Agents' formal complaint in Docket OST-99-6410 against various airlines. ASTA alleges that in cutting the commissions that they pay travel agents, the airlines are engaging in unfair practices and unfair methods of competition in violation of 49 U.S.C. §41712.

Under the Department's *ex parte* rules, 14 CFR Part 200, we cannot comment on the substance of your letter. We will, however, see that it and a copy of this response are placed in the docket.

Sincerely,

Betsy L. Wolf
Senior Trial Attorney
Office of Aviation Enforcement and Proceedings

cc: Docket OST-99-6410

MONVALLEY TRAVEL

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November 8, 1999

Rodney Slater
Secretary of Transportation
Department of Transportation
400 Seventh Street SW
Washington DC 20590

Re: Airlines Engage in Unfair Pricing

Dear Secretary Slater:

The American Society of Travel Agents has filed a formal complaint citing a violation of 49 USC 41712 charging that airlines have been engaged in a systematic plan to force travel agents out of business. With regard to this complaint, Mon Valley Travel concurs.

In an effort to immediately help remedy such unfair pricing, airlines must be forced to unbundle the pricing of their airline tickets.

There are three basic components to the price of an airline ticket. The cost to transport a passenger from point A to point B, the cost to provide information, make the reservation and deliver the ticket document to the traveler, and finally a fair profit. Currently airlines pay travel agents a 5% commission with a cap of \$50 roundtrip, \$25 one-way for the distribution services that they provide to the airlines. Since in many instances, the 5% is well below our cost to provide these services, it is necessary for us to charge an additional fee. When the airlines provide this service, the cost is buried in the price of the ticket and is not apparent to the traveler. Consequently, when an individual buys a ticket from a travel agency, it appears that we are often unfairly charging for our services.

To make this intolerable situation even worse, with the many deeply discounted tickets that exist in today's market place, travel agents are actually subsidizing the airlines by being unfairly compensated at a level below what it costs the carrier to provide this same service.

Unbundling the price of an airline ticket would help level the playing field. This action would then allow the traveling public to decide on their own whether the services and price provided by a travel agent is a better buy than dealing directly with the airlines. If the Department of Transportation fails to intervene and level the playing field, the travel agent, which currently sells 80 billion in air tickets annually, is faced with extinction.

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Department of Transportation

November 8, 1999

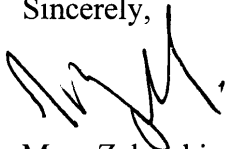
Page 2

Without travel agents, new carriers will find it increasingly difficult to enter the market, competition will further decrease and the traveling public will lose their best and most reliable source of unbiased information.

In essence, the travel agent community by promoting the use of air transportation, has provided the traveling public with the necessary support to foster a healthy air transportation system. Without the travel agent, the traveling public will be at the mercy of a handful of carriers that will see fit to rule the skies in their best interests, not the consumers.

Even before I could mail this letter, I received a press release announcing plans by United, Delta, Northwest and Continental to launch their own combined travel Website. If this action by four dominant carriers does not constitute unfair competition, I quite honestly do not know what does.

Sincerely,

A handwritten signature in black ink, appearing to read 'Marc Zelenski', written over the word 'Sincerely,'.

Marc Zelenski
Chief Operating Officer

MZ/dgm

Enclosure

Subj: **United, Delta, Northwest and Continental Announce Plans..**
Date: 11/9/99 9:00:49 AM Eastern Standard Time
From: AOL News
BCC: LITTLE ZEE

United, Delta, Northwest and Continental Announce Plans to Launch Industry-Leading Travel Web Site

Airlines will offer new full-service travel portal

NEW YORK, Nov. 9 /PRNewswire/ -- United Airlines, Delta Air Lines, Northwest Airlines and Continental Airlines today announced their partnership in a new independently owned travel Web site. The new site, the first multi-airline travel portal, will provide customers with convenient online access to airline, hotel, car rental and other travel services in addition to Internet offers.

The new site will provide access to the carriers' online products, and the airlines believe it will offer the most comprehensive selection of online airfares and other travel information available anywhere on the World Wide Web. The site will feature published fares from virtually all carriers worldwide and will welcome the posting of Internet fares from other carriers as well. "For the first time, online travel consumers will be able to compare and purchase the Internet fares offered by several airlines and travel providers by visiting just one site," said Bruce Parker, United's Chief Information Officer and Senior Vice President of the company's Information Services Division.

The four airlines will continue to independently operate and develop their respective Web sites, in addition to their participation in the joint venture. Using innovative search capabilities, customers will be able to use the site to find comprehensive travel information on many of the world's most popular travel products. Price-conscious customers for example, will be able to use a special price search feature to locate products suiting their budget needs; customers concerned with convenience will use a special flight schedule search engine. "By combining the vast amount of Internet experience of all the launch partners, we will create a site that is superior to all travel sites," said Vince Caminiti, Senior Vice President of Sales and Distribution at Delta Air Lines. "The new site will offer the most convenient features of any online travel vehicle."

In addition to booking travel on airlines, the new site will also partner with hotels, car rental companies, cruise lines and other travel partners to help consumers build an entire travel experience at just one site. "Customers will be offered unique travel packages through the combined product offerings of our partners," said Bill Brunger, Vice President of Distribution Planning and Revenue Decision Support at Continental Airlines.

Customers using the new site will also have access to real-time departure and arrival information from each of the participating airlines.

"Our site will offer customers the best of everything," said Al Lenza, Vice President of Distribution Planning at Northwest Airlines. "The best collection of Internet fares in one location, the best search capabilities and the best travel-related content."

The site, expected to launch in the first half of 2000, will be managed independently of the suppliers. A management team and identity for the site will be named at a later date. The transaction is subject to the completion of definitive agreements and the receipt of all necessary approvals.

United Airlines is the largest majority employee-owned company and the largest airline in the world, offering 2,416 flights a day to 135 destinations in 27 countries and two U.S. territories. United also is an industry innovator with breakthroughs such as E-Ticket Service, United Connection, Airport Gate Readers, United Shuttle, and the introduction of the technologically advanced Boeing 777. United Airlines' Internet address is www.ual.com.

Delta, named Airline of the Year by Air Transport World magazine and "Best- Managed Major Airline" for 1999 by Aviation Week & Space Technology magazine, is the world's most flown carrier. More than 105 million passengers traveled on Delta in 1998. Delta, Delta Express, the Delta Shuttle, the Delta Connection carriers and Delta's Worldwide Partners operate 5,266 flights each day to 357 cities in 59 countries. Delta Airlines' Web site is www.delta-air.com.

Northwest Airlines is the fourth largest airline in the world with **52,000** employees and **1,700** flights daily. Together **with** its global travel partners, Northwest serves more than **500** cities in nearly **100** countries on 6 continents. Northwest's **award-winning** Web site is located at **www.nwa.com** .

Continental Airlines is the filth largest airline in the U.S., **offering** more than **2,100** departures daily to **129** domestic and **85** international destinations. Operating major hubs in Newark, Houston and **Cleveland**, Continental has extensive **service** throughout the Americas, and to **Europe** and Asia. Continental's award-winning Web site is **www.continental.com** .

SOURCE United Airlines

CO: United Airlines; Continental Airlines; Delta Airlines; Northwest Airlines

ST: New York

IN: LEI AIR MLM

SU: JVN PDT

1 1/09/1999 08:59 EST <http://www.pmnewswire.com>

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